

STATE OF INDIANA)
) SS:
COUNTY OF MARION)

IN THE MARION CIRCUIT COURT
CAUSE NO. 49C01-0812-MI-057122

Stephen W. Robertson, Commissioner of the)
Department of Insurance of the State of Indiana,)
)
Petitioner,)
)
v.)
)
STANDARD LIFE INSURANCE COMPANY)
OF INDIANA)
)
Respondent.)

FILED

228

JAN 18 2010

Elizabeth J. White
CLERK OF THE MARION CIRCUIT COURT

FINAL ORDER ON PETITION FOR APPROVAL OF AGREEMENT AND PLAN OF REORGANIZATION OF STANDARD LIFE INSURANCE COMPANY OF INDIANA

This matter comes before the Court on the Petition for Approval of the Agreement and Plan of Reorganization ("Agreement"), filed by Indiana Insurance Commissioner Stephen W. Robertson, in his role as Court appointed Rehabilitator ("Rehabilitator") of Standard Life Insurance Company of Indiana ("SLIC"), by counsel, pursuant to IC 27-9-3-3 (g), and the Court, having examined said Petition and Agreement and the Exhibit thereto, and having heard the evidence and arguments of counsel presented at the hearing on this Petition, held in this Court on January 11, 2011, and being in all things duly advised, now Finds and Concludes:

1. The Agreement entered into by the Rehabilitator and SLIC with Guggenheim Life and Annuity Company ("GLAC"), provides for the annuity policyholders of SLIC to realize 100% of their cash values, either through surrender, assumption, rollover, or other replacement, or cash out.

2. The Agreement also provides that SLIC's life and health policyholders whose policies are not already reinsured will have their policies reinsured by GLAC in accordance with a reinsurance agreement between SLIC and GLAC, a form of which is attached as Exhibit B to the Agreement (the "Reinsurance Agreement").

3. The Agreement provides the following protections for the policyholders of SLIC:

a. Policyholders who wish to surrender their annuities after six months from closing, when the moratorium on cash surrenders lifts, will be able to receive 100% of their cash value.

b. A newly formed Indiana stock insurance company will assume 100% of SLIC's Federal Home Loan Bank of Indianapolis ("FHLBI") funding agreements, at closing, subject to FHLBI's consent and subject to Newco becoming a member of FHLBI.

c. A significant proportion of SLIC's policyholders will become the direct insureds of GLAC.

d. As many of SLIC's remaining policyholders as possible will be able to maintain their policies with a replacement carrier or roll over to a comparable new policy with a third party insurer.

e. If there are any SLIC policyholders remaining with SLIC under indemnity reinsurance after one year from closing, SLIC will recapture those policies, and also recapture more than 100% of the reserves for those policies from GLAC.

f. After one year from closing, the Rehabilitator will petition the Court for liquidation of SLIC. If there are any policyholders still insured by SLIC at that time, due

to recapture or otherwise, those remaining policyholders will be cashed out at 100% of cash value in liquidation.

g. During the moratorium on loan and cash surrenders, which will continue for six months from closing pursuant to this Court's Order of March 29, 2010, GLAC will maintain the hardship program and ten percent (10%) penalty-free withdrawal program that were instituted by the Rehabilitator and approved by this Court.

4. SLIC must be reorganized pursuant to IC 27-9-3-3 (g) in order to include the Multi-Year Guaranteed Annuity ("MYGA") holders in the proposed transaction, because the MYGA crediting rates are too far above fair market rates to be assumed by another carrier in their present form. The reorganization will be effected by modification to the MYGA policies. The modification will be a reduction of crediting rates on MYGA policies from above market rates to current fair market rates. MYGA policyholders will be given added life annuity features on their policies, in consideration for the reduction in crediting rates. Such life annuity features will include a waiver of surrender charge upon death and an annuitization option which offers guaranteed payments over the annuitants remaining life. The MYGA policyholders have been receiving above market crediting rates throughout the rehabilitation proceeding. They will retain the increased cash value this represents, without any roll back, also in consideration for the reduction in crediting rates going forward. (Collectively, the modifications and consideration reflected in this paragraph are the "Reorganization.")

5. The Reorganization shall be effective on a date that falls thirty days or more days after the date of this Final Order by this Court approving the Agreement and Reorganization; but in any event, no later than the day before the closing of the transaction contemplated by the

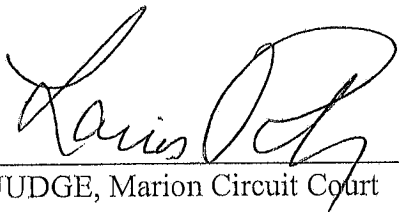
result. The Agreement and Reorganization are fair and equitable to all parties. The Agreement and Reorganization are fair and equitable to the creditors of SLIC, because there are no assets available to pay claims of general creditors.

10. The Rehabilitator's Petition should be granted.

Having made said Findings and Conclusions, the Court now grants the Rehabilitator's Petition. It is hereby Ordered, Adjudged, and Decreed that:

The Agreement and Plan of Reorganization, and all of the transactions and agreements contemplated thereunder, and Reorganization of the company pursuant to IC 27-9-3-3 (g), are approved. The Reorganization shall be effective on a date that falls thirty days or more days after the date of this Final Order by this Court approving the Agreement and Reorganization; but in any event, no later than the day before the closing of the transaction contemplated by the Agreement. The Court expressly determines that there is no just reason for delay and expressly directs entry of this order as a final judgment.

Dated: Jan. 19, 2011



JUDGE, Marion Circuit Court

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